



Appalachian Regional Healthcare, Inc.
www.arh.org

December 8, 2014



Ms. Diona G. Mullins
Office of Health Policy
275 E. Main St., 4W-E
Frankfort, KY 40621

Dear Ms. Mullins:

Appalachian Regional Healthcare supports the Kentucky Hospital Association's white paper on Certificate of Need (CON). We believe that substantial changes to Kentucky's current CON program will not facilitate the Cabinet's ability to achieve its core principles identified in the Special Memorandum. Our network of rural of hospitals across Eastern Kentucky provides access to some of the most vulnerable citizens of the Commonwealth. We currently do not have any access issues for patients needing services such as acute care, MRI, PET, surgical procedures, home health and many other healthcare services not covered under the state health plan.

Our hospitals and healthcare services are a stabilizing economic force in the fragile economies of Eastern Kentucky. ASCs are the biggest threat to come into our region. Surgery provides a positive operating margin for our hospitals and the dilution of this service greatly threatens the financial viability of our hospitals. We are able to provide 24/7 ER services, obstetrics and many other financially negative services such as community health fairs because of the offset from surgery. Loss of hospital services also means the loss of jobs which would even further damage our mountain communities.

The various payer changes on the federal and state level already incentivize quality and value of care. Changing CON will not cause us to make further changes in these areas. The government is also forcing the adoption of efficient technology. For several years, we have been in the process of implementing clinical information systems to enhance patient care and meet the meaningful use standards. The Affordable Care Act has not changed access, it has only changed payment. For over 60 years, we have cared for these same patients either as charity or uncompensated care. Today, these patients are mostly Medicaid and we are paid current MCO rates for them.

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Ms. Diona G. Mullins
December 8, 2014
Page Two

Thank you for your consideration of these comments. Please contact me if you have questions or concerns.

Sincerely,

A handwritten signature in cursive script that reads "Hollie Harris Phillips". The signature is written in dark ink and includes a long, sweeping horizontal line that extends to the right, ending in a small upward flick.

Hollie Harris Phillips
Vice President Corporate Strategy